

## IOWA TAXPAYERS TRUST FUND TAX CREDIT

**Prior Law** \_\_\_\_\_

None.

**New Provisions** \_\_\_\_\_

An Iowa Taxpayers Trust Fund Tax Credit is now available for Iowa individual income tax. The credit is equal to the amount of money in the Iowa Taxpayers Trust Fund at the end of a fiscal year divided by the number of eligible individuals who filed Iowa Individual Income Tax returns by October 31 of the year preceding the year in which the credit is allowed.

For example, there will be \$120,000,000 in the Iowa Taxpayers Trust Fund at the end of the fiscal year ending June 30, 2013. It is anticipated that 2,150,000 individuals will file Iowa Individual Income Tax returns for the 2012 calendar year by October 31, 2013. This would result in a \$54 Taxpayers Trust Fund Tax Credit that will be available for all individuals who file an Iowa Income Tax return for the 2013 tax year. The 2013 Iowa return must be filed by October 31, 2014 to be eligible for the credit. Any credit in excess of the tax liability (which is the computed Iowa tax less other nonrefundable credits plus any school district surtax or EMS surtax less other refundable credits which does not include tax withheld and estimated payments) is not refundable and cannot be carried back or carried forward to another tax year.

The Department of Revenue will determine the amount of the Credit for each year shortly after November 1 of the previous year when the total number of individual filers for the previous year is determined and the amount of Taxpayer Trust Fund Tax Credits claimed on Iowa returns is determined. If the amount of taxpayer trust fund tax credits claimed on tax returns is less than the amount authorized, the difference will be transferred to the Taxpayer Trust Fund for the next year. For example, if only \$90,000,000 of Taxpayer Trust Fund Tax Credits are claimed on 2013 Iowa returns filed by October 31, 2014, the remaining \$30,000,000 will be transferred to the Taxpayers Trust Fund and will be available for the Taxpayer Trust Fund Tax Credit for the 2014 Iowa return.

There must be a balance in the Taxpayers Trust Fund of \$30,000,000 or more in order for the Taxpayers Trust Fund Credit to be available.

**Section Amended** \_\_\_\_\_

Section 41 of 2013 Iowa Acts Senate File 295 amends section 8.57E, subsection 2, Code 2013. Section 42 amends section 257.21, unnumbered paragraph 2, Code 2013.

Section 43 adopts new section 422.11E, Code 2013. Section 44 amends section 422D.2, Code 2013.

**Effective Date**\_\_\_\_\_

Retroactive to January 1, 2013, for tax years beginning on or after that date.